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Message Text

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PAGE 01 LUSAKA 03380 181141Z
ACTION AF-08

INFO OCT-01 ISO-00 AID-05 EB-07 IGA-02 L-03 /026 W
---------- 056429 /10
P R 181100Z DEC 76
FM AMEMBASSY LUSAKA
TO SECSTATE WASHDC PRIORITY 4654
INFO AMEMBASSY MBABANE
AMEMBASSY NAIROBI

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E.O. 11652: N/A
TAGS: EAID, EFIN, ZA, US
SUBJ: DISAVOWAL OF AID AGREEMENTS NOT APPROVED BY FINANCE MINISTER

REF: STATE 305147

1. REUTER REPORT OF STATEMENTS BY GRZ FINANCE MINISTER MWANAKATWE REPORTED REFTEL ACCURATELY REFLECT LOCAL ZAMBIAN PRESS REPORT OF STATEMENTS ATTRIBUTED TO MWANAKATWE AT A RECENT PRESS CONFERENCE. LOCAL REPORTS ADDED THAT MWANAKATWE CLAIMED TO BE AWARE OF SOME AGREEMENTS ONLY THROUGH PRESS COVERAGE OF LOAN SIGNINGS.

2. AMBASSADOR AND EMBASSY AID OPERATIONS OFFICER MADE COURTESY CALL ON MWANAKATWE THE DAY AFTER HIS STATEMENTS APPEARED IN THE PRESS. (VISIT WAS NOT RELATED TO THE PRESS STATEMENT AND HAD BEEN SCHEDULED BEFORE THE STATEMENTS APPEARED.) AT THE MEETING THE SUBJECT WAS RAISED IN AN INFORMAL MANNER AND MWANAKATWE ASSURED AMBASSADOR THAN LOAN AGREEMENTS RECENTLY SIGNED BETWEEN US AND ZAMBIA NOT AFFECTED IN ANY WAY. HE IDSMISSED THE MWTTER AS AN INTERNAL GRZ AFFAIR AND SAID THERE WAS NO CAUSE FOR CONCERN BY THE UNITED STATES. (BOTH THE
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$20 MILLION PROGRAM LOAN AND $5.4 MILLION PL 480 AGREEMENTS SIGNED ON DECEMBER 3 WERE CLEARED IN DRAFT BY THE MINISTRY OF FINANCE.)

3. THERE HAS BEEN AN ONGOING BUREAUCRATIC POWER STRUGGLE BETWEEN THE MINISTRIES OF FINANCE AND ECONOMIC

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AND TECHNICAL COOPERATION (SIGNATORY MINISTRY ON THE US LOANS) FOR THE PAST SEVERAL MONTHS. MINISTRY OF ECONOMIC AND TECHNICAL COOPERATION (METC) WAS CREATED JUST OVER A YEAR AGO FROM A DIVISION WITHIN MINFIN. SOME MINFIN OFFICIALS WENT TO THE NEW MINISTRY AND MADE A MENTAL TRANSFER OF THEIR PREVIOUS AUTHORITY TO THE NEW MINISTRY. UNTIL JUST ABOUT TWO MONTHS AGO, THE AUTHORITY TO SIGN LOAN AGREEMENTS CLEARLY RESTED WITH THE MINISTRY OF FINANCE. AT THAT POINT A NOTICE APPEARED IN THE OFFICIAL GAZETTE GIVING AUTHORITY FOR ALL FOREIGN AID AND TECHNICAL ASSISTANCE TO METC. NO MENTION OF AUTHORITY TO SIGN WAS INCLUDED IN THE NOTICE AND THE TWO MINISTRIES INTERPRETED THE NOTICE DIFFERENTLY. WHEN THE GRZ INFORMED US THEY WERE READY TO SIGN THE PROGRAM AND PL 480 AGREEMENTS, WE WERE ADVISED THAT PRESIDENTIAL AUTHORITY TO SIGN THE AGREEMENTS HAD BEEN GIVEN TO MINISTER OF STATE FOR THE MINISTRY OF ECONOMIC AND TECHNICAL COOPERATION, MRS. LILY MONZE. (MRS. MONZE'S STATEMENT TO THAT EFFECT IS INCLUDED IN THE PRESS REPORTS.) WE HAVZ SUBSEQUENTLY BEEN INFORMED BY METC THAT THE REQUIRED LEGAL OPINION CONCERNING THE PROGRAM LOAN IS BEING PREPARED BY THE ATTORNEY GENERAL AND SHOULD BE IN OUR HANDS BEFORE THE END OF THE YEAR.

COMMENT: EMBASSY VIEWS THE MWANAKATWE STATEMENT AS A REFLECTION OF THE POWER STRUGGLE AND NOTHING MORE. GRZ OFFICIALS IN BOTH MINISTRIES ARE TAKING THE MATTER LIGHTLY IN THEIR DISCUSSIONS WITH US AND SEEM TO ENJOY THE CURRENT FLAP. THE PERMANENT SECRETARY IN METC TOOK GREAT PLEASURE IN RELATING AN INCIDENT THAT TOOK
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PLACE TWO DAYS AFTER MWANAKATWE'S STATEMENT APPEARED. DURING A SESSION OF PARLIAMENT ONE MEMBER REMINDED THE MINISTER OF FINANCE THAT BEFORE BEING GIVEN THE FINANCE PORTFOLIO, MR. MWANAKATWE SERVED AS MINISTER OF EDUCATION AND IN THAT CAPACITY SIGNED A NUMBER OF RATHER LARGE LOAN AGREEMENTS. THE MEMBER ASKED MR. MWANAKATWE IF THESE TOO WERE INVALID AGREEMENTS. THE REPLY WAS STONE SILENCE. END COMMENT.
LOW

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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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TAGS: EAID, EFIN, ZA, US, (MWANAKATWE, JOHN)
To: STATE
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